

Bloomfield Township Public Library

**Financial Report
with Supplemental Information
March 31, 2008**

Bloomfield Township Public Library

Contents

Report Letter	I
Library Management's Discussion and Analysis	2-10
Basic Financial Statements	
Individual Funds Balance Sheet/Statement of Net Assets	11-12
Individual Funds Statement of Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities	13-14
Notes to Financial Statements	15-25
Required Supplemental Information	26
Budgetary Comparison Statement - General Fund	27
Budgetary Comparison Statement - Major Special Revenue Fund - Improvement and Revolving Fund	28
Budgetary Comparison Statement - Major Special Revenue Fund - Gift Fund	29



Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

To the Board of Directors
Bloomfield Township Public Library

We have audited the accompanying financial statements of governmental activities and each major fund of Bloomfield Township Public Library (a component unit of the Charter Township of Bloomfield) (the "Library") as of and for the year ended March 31, 2008, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bloomfield Township Public Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and changes in financial position of Bloomfield Township Public Library as of and for the year ended March 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

The required supplemental information, as identified in the table of contents, is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. The required supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The management's discussion and analysis identified in the table of contents is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Plante & Moran, PLLC

June 6, 2008



Bloomfield Township Public Library

Library Management's Discussion and Analysis Fiscal Year April 1, 2007 through March 31, 2008

Using This Annual Financial Report

This annual report consists of three parts:

- Library Management's Discussion and Analysis (MD&A)
- Basic Financial Statements, audited by Plante & Moran, PLLC
- Supplemental Information

The MD&A is intended to serve as an overview analysis of the financial condition and operating results of the Library.

Please direct questions regarding this report to:

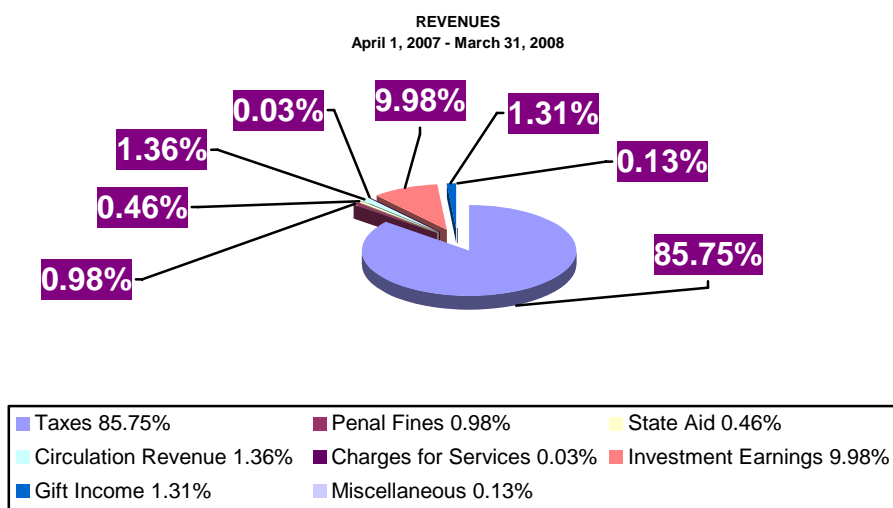
Karen Kotulis-Carter, Library Director
Bloomfield Township Public Library
1099 Lone Pine Road
Bloomfield Hills, MI 48302-2410
(248) 642-5800

Bloomfield Township Public Library

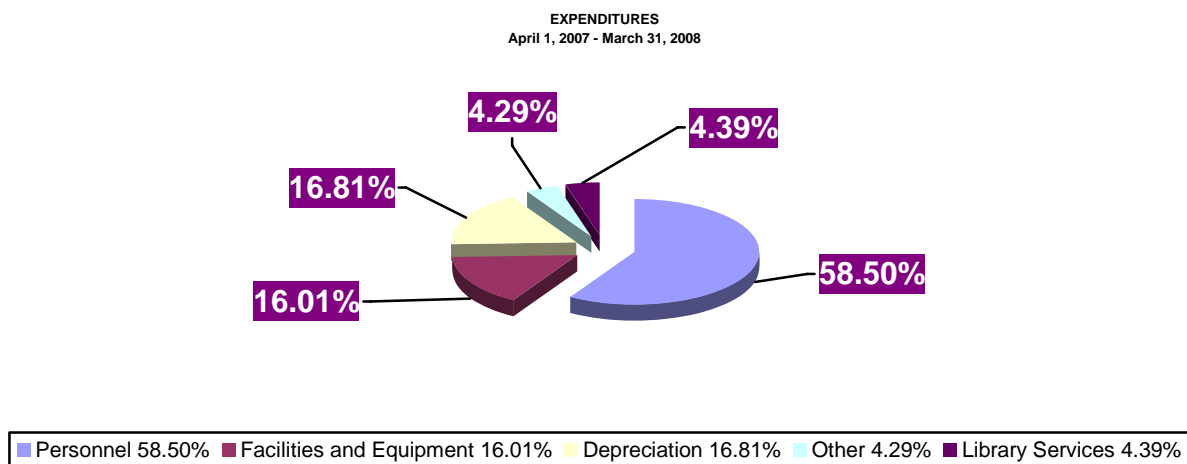
Library Management's Discussion and Analysis Fiscal Year April 1, 2007 through March 31, 2008

The Library as a Whole

Consistent with the prior year (2006-2007), there was a substantial increase in the library's net assets attributable to furniture and fixtures purchased for the completion and occupancy of staff and public areas in our Library Improvements Project. The overall increase in Revenue was due to more circulation revenue than anticipated and greater investments earnings than anticipated. The major components of revenue and expenses are described below.



The Library's primary source of revenue (85.75%) is property taxes, as shown in the chart above, as audited March 31, 2008



Salaries and fringes continue to be a major expense for the Library as shown in the chart above, as audited March 31, 2008.

Bloomfield Township Public Library

Library Management's Discussion and Analysis Fiscal Year April 1, 2007 through March 31, 2008

Personnel

In light of the extensive impact of construction, each vacancy of a personnel position was thoroughly reviewed as it occurred through attrition and justified prior to hiring a replacement to fill the vacancy. This review process evaluated the changing circumstances of the Library during its renovation and expansion activity and any impact on staffing. With the opening of the Adult Services and Computer Center in June 2007, additional staffing was needed. The 20-hour Adult Services librarian position which had been temporarily addressed by substitute librarian hours was filled. The Computer Center included the opening of a completely new service desk, the Computer Help desk, and to staff it, three Systems Clerical Assistant positions were implemented. One of the positions was a reallocation of an Adult Services Clerical Assistant position at 20 hours; the other two 15-hour positions were newly added in 2007-2008. At the end of 2007-2008, plans were in place to also increase the staffing at the Media desk by adding one Library Science Intern, especially to provide for the increase in traffic in that prominent area due to the opening of the collection in a new location in late March 2008. Because of the significant increase in overall space to supervise and clean, an added 10-hour per week Facility Services Monitor position was planned; along with an increase of one 20-hour position to 30 hours per week.

Part of the reallocation of human resources during 2007-2008, and in response to the later in the year concerns of funding in a declining taxable value environment, the Administrative Services Department Head position was eliminated upon the retirement of that employee in August 2007. This represented a savings of approximately \$72,000 in salary and benefits. The Administrative Services and Administration Departments were merged. To meet the need of coverage for the Reception/Welcome desk and to address the upcoming opening of the meeting rooms in April 2008, the Administration Department eliminated the Administration Clerical Assistant position, promoting the employee to Administration Clerk to fill an existing but unfilled due to construction position, and also filled a second temporarily unfilled 20-hour Administration Clerk position, both in November 2007 with the merger of the two departments. The two filled 20-hour Administration Clerk positions were also planned to increase to 30-hour in the new fiscal year, 2008-2009.

The proficiency level salary/wage schedule was adjusted 3% across classifications and levels to reflect the current wage comparisons, consistent with the Trustees' compensation philosophy. Employees who have reached the final proficiency level of their classification, received merit awards which averaged 5%.

No new benefits were offered staff in 2007-2008. The Library Director continues to discuss with the Township possible health insurance cost savings through minor changes in the prescription coverage program, in particular.

Bloomfield Township Public Library

Library Management's Discussion and Analysis Fiscal Year April 1, 2007 through March 31, 2008

Services

Anticipating the additional completed square footage for Adult Services and Media, these collections were provided increases in the collection budget, particularly the Audiobooks and Video/DVD collections. A particularly exciting addition to the collection was purchased and planned for public use with the opening of the Media collection—games for Adults and Teens. These are video and computer games which are once again finding an avid audience in public library users.

A gift of the Friends of the Bloomfield Township Public Library has provided an opportunity to create “Opening Day Collections” for both the Adult Services and Youth Services collections. The Adult Services Opening Day collection provided many new items which increased the depth of the collection and were featured on new end panel and other display shelving. (The Youth Services Opening Day collection is being purchased, but stored in Technical Services, awaiting the opening of that new area in summer 2008.)

Facilities

Another area of projected substantial increase over 2006-2007—116% - was found in the “Facility and Equipment” functional category, primarily due to the anticipated expenditures for the equipping of the new Computer Center (the “Information Commons” in the 2006-2007 MD&A). Due to savings in other areas, including unexpended computer maintenance costs, the increase was offset by the end of the fiscal year. Substantial increases in public utilities also contributed to the increase over 2006-2007, but were still lower at the end of 2007-2008 than had been estimated at the beginning of the fiscal year.

Fiscal year 2007-2008 continued the philosophy of inclusion of all operating-type expenditures in the General Fund budget, rather than some paid from the Improvement and Revolving Fund and some from the General Fund. These expenditures, typically for equipment and building improvements, are also incorporated to some extent in the Construction Fund as renovations and the equipping of the expanded Library, consistent with the bond plan.

Other Operating

The functional category of “Other Operating Expenditures” saw the conclusion of the Library’s legal costs to respond to litigation by a resident of the City of Bloomfield Hills. It also provided for the cost of the Library’s continued use of Marchesano and Associates for Owner’s Representation services on the Library Improvements Project. Although no transfer-out to the Improvement & Revolving Fund was originally planned for 2007-2008, the increased revenue from investment earnings, largely, coupled with reductions in other expenditures, resulted in a substantial transfer out of \$709,219.

Bloomfield Township Public Library

Library Management's Discussion and Analysis Fiscal Year April 1, 2007 through March 31, 2008

The Library's Funds

The budgetary analysis of three of the four library funds - General Fund, Improvement and Revolving Fund, and Gift Fund, but not the Construction Fund - is included in the Required Supplemental Information following the notes to the basic financial statements. The General Fund budget shows the General Fund, the Library's major operating fund, including revenues and expenditures, excess of revenue over expenditures, and fund balance.

The actual excess of revenue over expenditures (before operating transfers) of the General Fund was \$532,213, as compared to \$1,238,772 in the prior year. Particular effort has been made again in 2007-2008 to address fund balance and to assure coverage of the library's necessary expenditures in advance of receipt of the largest portion of revenue—property taxes, which are not received until ten months into the fiscal year.

As noted above, the largest use of resources during the 2007-2008 fiscal year continues to be for personnel—salaries and fringe benefits. This is typical of service organizations that are open to the public seven days a week, year-round.

The I&R Fund budget shows a fund balance of \$3,910,093 an increase of \$910,076. The reason for this increase is largely due to a transfer made from the General Fund of \$709,219. The remainder of the increase is largely due to investment earnings.

The Gift Fund shows a decreased fund balance, because gifts are being spent, as requested by the donors, to be used for furnishings and equipment in the renovated and expanded library. The fund balance at the close of the fiscal year shows \$138,063 remaining in reserved fund balance and \$101,691 in unreserved fund balance. Several substantial gifts of \$2,000 to \$40,000 are expected to be used at the conclusion of the renovation and expansion in 2008.

Library's Budgetary Highlights

Over the course of the year, the Library Board of Trustees amended the four funds' budgets to address unplanned needs and events that occurred during the year. The most significant amendments occurred in contributions and donations, which cannot be anticipated, to the Gift Fund.

The General Fund saw increases over the original anticipated, budgeted revenue due primarily to the increased Penal fines, circulation revenue and the gain from sale of used equipment. State aid continues to be an inconsistent revenue category, funded below the constitutional mandate of \$1 per capita, and, unfortunately, further reduced after the state's budget approvals due to Michigan's budgetary difficulties. Meeting rooms were still closed and revenue temporarily suspended until they reopened, April 7, 2008.

Bloomfield Township Public Library

Library Management's Discussion and Analysis Fiscal Year April 1, 2007 through March 31, 2008

Capital Assets and Long-term Debt Activity

At the end of the fiscal year, the Library had \$28,127,980 invested in land, building and improvements, furniture and equipment, books and materials, including media. The Library added \$573,435 in new collection items, consisting of new books and various audiovisual materials. (This does not include subscriptions to electronic materials and services.) \$2,279,214 was spent to replace furniture and equipment.

In accordance with the Library's Fixed Asset Disposal Policy, the items in both the materials collection which were still of some use, but not public library use, were donated to the Friends of the Library for their twice-monthly used book sales. Due to greatly reduced space which prohibited large public sales and the constraints of the construction schedule, much of the Library's furnishings and equipment, particularly shelving, has been liquidated, rather than offered for sale to residents or other libraries. Inquiries from library users and other libraries regarding the disposition of the equipment are directed to the liquidator. One sale was held following the opening of the Computer Center in September 2007. This one sale raised \$ 8,649 in miscellaneous revenue. The original cost of disposed materials from the collection amounted to \$331,295; the value of removed furnishings and equipment amounted to \$432,262.

The Library's long-term debt activity consists of a capped accumulated compensated employee absences (sick leave) to be paid to employees upon retirement (age 55, with eight full years of service).

In August 2004, Bloomfield Township voters approved the Library Improvements ballot proposal which created \$22,875,000 of bonded debt for the Charter Township of Bloomfield, in order to renovate and expand the 40-year-old library. The Township agreed to permit the Library management of the Construction Fund which was established immediately following the sale of the bond which occurred in November 2004. The Construction Fund's investment is managed by Gregory Schwartz and Company for the Library, and follows the Township's Investment policy.

Next Year's Anticipated Budget Factors

As the 2008-2009 fiscal year opens, the conclusion of the Library's renovation and expansion project is much anticipated and scheduled in mid-August 2008. The renovations and improvements have been met with overwhelming approval by the community. Statements such as, "This is exactly how I want my tax dollars spent" have been particularly rewarding as the cost of construction materials were stabilized through the bidding process. Only unanticipated costs due to phasing requirements and unknown soil or building conditions in the final landscaping and parking lot replacement will add unplanned impact on the General Fund and Construction Fund budgets. At the close of the 2007-2008 fiscal year, following the greatly heralded opening of the largest completed public space in the library, the City of Bloomfield Hills

Bloomfield Township Public Library

Library Management's Discussion and Analysis Fiscal Year April 1, 2007 through March 31, 2008

contacted the Library with a request to reopen discussion of possibly renegotiating a contract for services to residents of the City of Bloomfield Hills. As of this writing, the City has begun a new media campaign. With the substantial costs of litigation still weighing heavily in the minds of the Township residents, including the Library's Trustees, any negotiations which would not achieve an equitable cost for City residents is unlikely to be met with acceptance by the Bloomfield Township community.

Trustees' concerns about unstable banks and specific financial collapses, resulted in a commitment at the March 18, 2008 Library Board of Trustees' meeting to carefully move all Library funds from banks, other than that needed to meet immediate payroll and similar operating expenditures, into secure, insured government instruments, e.g., Treasury securities. This will result in a likely reduction of investment income for fiscal year 2008-2009.

The General Fund budget of 2008-2009 shows an increase of 6% in Personnel costs over the prior year. Employee insurances actually declined for 2008-2009 with the elimination of one full-time position. Greater impact on Personnel expenditures is from the additional Sunday hours to provide coverage on the Library's busiest day each week—doubling the staff at the busy Media desk and for Monitor coverage.

The Library Services function category includes an increase for programming and CD-ROMs, the latter of which includes the Games collection, now for Youth Services as well. The generous Opening Day Collection gift of the Friends of the Library for Youth Services will provide many exciting additions to those shelves when they open this summer.

A substantial increase is seen in the Facilities and Equipment functional category to support increased telephone costs as well as computer maintenance projects.

Operating-type expenditures have continued to be assigned to the General Fund, rather than the Improvement & Revolving or Construction Funds in 2008-2009. In order to achieve this, however, the General Fund balance and the anticipated transfer out to the Improvement & Revolving Fund will accommodate the exceptional expenditures for equipment in 2008-2009 in the Facilities and Equipment functional category. In 2008-2009 this will include the book return sorting equipment which will complete the Radio Frequency Identification (RFID) project, begun in 2001, and provide highly accurate check-in of materials.

The Bloomfield Township Public Library continues to manage, through Gregory Schwartz & Co., the invested bond funds with excellent returns. As the Library Improvements Project comes to a close, the extended costs of storage and the compressed time frame for the final move are likely to result in higher than anticipated costs for moving. Only the Youth collection remains in storage as of the opening of 2008-2009; this one move, however, will require integration of a substantially increased collection on-site plus the one stored, resulting in greater labor at the time of the move, currently scheduled to be completed by August 11, 2008. We anticipate the Construction Fund to be fully expended prior to the end of the 2008-2009 Fiscal Year.

Bloomfield Township Public Library

Library Management's Discussion and Analysis Fiscal Year April 1, 2007 through March 31, 2008

Reviewing the Financial Statements

The basic financial statements, immediately following the Library Management's Discussion and Analysis, include information that presents two different views of the Library using the modified-accrual and full-accrual methods.

The first four columns of the financial statements include information of the Library's General Fund, Improvement and Revolving Fund, Gift Fund, and Construction Fund under the modified-accrual method. The modified-accrual basis focuses on current financial resources and provides a more detailed view about the accountability of the Library's sources and uses of funds.

The GASB #34 Adjustments column of the financial statements represents adjustments necessary to convert the modified-accrual financial statements to the Library as a Whole financial statements under the full-accrual method. The full-accrual basis focuses on long-term economic resources.

The Library as a Whole column provides both long-term and short-term information about the Library's overall financial status. The Library as a Whole Statement of Net Assets - Full-Accrual Basis column and the Library as a Whole Statement of Activities - Full-Accrual Basis column provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. These columns tell how these services were financed in the short term, as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The following Condensed Financial Information section shows data comparative with the prior year.

Bloomfield Township Public Library

Library Management's Discussion and Analysis Fiscal Year April 1, 2007 through March 31, 2008

Condensed Financial Information

The tables below show key financial information under the full-accrual method in a condensed format. Note: Amounts and totals reported are for all Library activities, including general operations, improvements, gift, and construction - to give a complete picture.

TABLE 1	March 31, 2008	March 31, 2007
Assets		
Current assets	\$ 12,788,538	\$ 17,582,287
Capital assets	28,127,980	23,158,837
Total assets	40,916,518	40,741,124
Liabilities		
Current liabilities	2,145,373	2,846,386
Other noncurrent liabilities	364,384	321,533
Total liabilities	2,509,757	3,167,919
Net Assets		
Investment in capital assets	28,127,980	23,158,837
Restricted for gifts	138,063	184,409
Restricted for construction	2,525,690	7,348,779
Unrestricted	7,615,028	6,881,180
Total net assets	<u><u>\$ 38,406,761</u></u>	<u><u>\$ 37,573,205</u></u>

TABLE 2	Year Ended	
	March 31, 2008	March 31, 2007
Revenue		
Property taxes	\$ 5,695,787	\$ 5,453,767
Other	946,684	1,195,649
Total revenue	6,642,471	6,649,416
Expenses	5,808,915	4,918,683
Changes in Net Assets	<u><u>\$ 833,556</u></u>	<u><u>\$ 1,730,733</u></u>

Bloomfield Township Public Library

	Individual Library Funds				
	General Fund	Improvement and Revolving Fund	Gift Fund	Construction Fund	Total - Modified Accrual Basis
Assets					
Cash and cash equivalents (Note 4)	\$ 5,466,392	\$ 1,771,295	\$ 144,362	\$ 3,720,457	\$ 11,102,506
Investments	-	1,429,579	96,346	-	1,525,925
Accounts receivable	277	-	-	-	277
Other assets	1,813	-	1,214	156,803	159,830
Due from other funds/internal balances	-	709,219	-	-	709,219
Capital assets (Note 6):					
Nondepreciated	-	-	-	-	-
Depreciated	-	-	-	-	-
Total assets	\$ 5,468,482	\$ 3,910,093	\$ 241,922	\$ 3,877,260	\$ 13,497,757
Liabilities					
Accounts payable	\$ 209,283	\$ -	\$ 2,168	\$ 630,438	\$ 841,889
Due to Bloomfield Township	380,765	-	-	-	380,765
Retainage payable	-	-	-	721,132	721,132
Accrued and other liabilities	56,990	-	-	-	56,990
Compensated absences - Current portion	-	-	-	-	-
Due to other funds/internal balances	709,219	-	-	-	709,219
Compensated absences - Net of current portion	-	-	-	-	-
Total liabilities	1,356,257	-	2,168	1,351,570	2,709,995
Fund Balances					
Reserved for restricted gifts	-	-	138,063	-	138,063
Reserved for construction	-	-	-	2,525,690	2,525,690
Unreserved - Undesignated	4,112,225	3,910,093	101,691	-	8,124,009
Total fund balances	4,112,225	3,910,093	239,754	2,525,690	10,787,762
Total liabilities and fund balances	\$ 5,468,482	\$ 3,910,093	\$ 241,922	\$ 3,877,260	\$ 13,497,757
Net Assets					
Invested in capital assets					
Restricted for gifts					
Restricted for construction					
Unrestricted					
Total net assets					

Individual Funds Balance Sheet/Statement of Net Assets
March 31, 2008

GASB No. 34 Adjustments (Note 2)	Library as a Whole Statement of Net Assets - Full Accrual Basis
\$ -	\$ 11,102,506
-	1,525,925
-	277
-	159,830
(709,219)	-
19,939,637	19,939,637
<u>8,188,343</u>	<u>8,188,343</u>
27,418,761	40,916,518
-	841,889
-	380,765
-	721,132
-	56,990
144,597	144,597
(709,219)	-
<u>364,384</u>	<u>364,384</u>
(200,238)	2,509,757
(138,063)	-
(2,525,690)	-
(8,124,009)	-
<u>(10,787,762)</u>	<u>-</u>
28,127,980	28,127,980
138,063	138,063
2,525,690	2,525,690
<u>7,615,028</u>	<u>7,615,028</u>
<u>\$ 38,406,761</u>	<u>\$ 38,406,761</u>

Bloomfield Township Public Library

	Individual Library Funds				
	General Fund	Improvement and Revolving Fund	Gift Fund	Construction Fund	Total - Modified Accrual Basis
Revenue					
Tax levy	\$ 5,695,787	\$ -	\$ -	\$ -	\$ 5,695,787
Circulation revenue	90,099	-	-	-	90,099
State aid	30,901	-	-	-	30,901
Penal fines	64,830	-	-	-	64,830
Investment earnings (Note 4)	155,668	200,731	15,914	290,604	662,917
Charges for services	2,266	-	-	-	2,266
Gift income	-	-	86,893	-	86,893
Miscellaneous	8,649	129	-	-	8,778
Total revenue	6,048,200	200,860	102,807	290,604	6,642,471
Expenditures					
Personnel	3,361,203	-	-	-	3,361,203
Library services	809,207	-	19,298	-	828,505
Facilities and equipment	1,032,200	-	20,277	-	1,052,477
Other expenditures	313,377	3	71,788	5,113,693	5,498,861
Depreciation	-	-	-	-	-
Total expenditures	5,515,987	3	111,363	5,113,693	10,741,046
Excess of Revenue Over (Under) Expenditures	532,213	200,857	(8,556)	(4,823,089)	(4,098,575)
Other Financing Sources (Uses)					
Operating transfers in	-	709,219	-	-	709,219
Operating transfers out	(709,219)	-	-	-	(709,219)
Total other financing sources (uses)	(709,219)	709,219	-	-	-
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses/Change in Net Assets	(177,006)	910,076	(8,556)	(4,823,089)	(4,098,575)
Fund Balance/Net Assets - Beginning of year	4,289,231	3,000,017	248,310	7,348,779	14,886,337
Fund Balance/Net Assets - End of year	<u>\$ 4,112,225</u>	<u>\$ 3,910,093</u>	<u>\$ 239,754</u>	<u>\$ 2,525,690</u>	<u>\$ 10,787,762</u>

**Individual Funds Statement of Revenue, Expenditures, and Changes
in Fund Balance/Statement of Activities
Year Ended March 31, 2008**

GASB No. 34 Adjustments (Note 2)	Library as a Whole Statement of Activities - Full Accrual Basis
\$ -	\$ 5,695,787
-	90,099
-	30,901
-	64,830
-	662,917
-	2,266
-	86,893
-	8,778
-	6,642,471
37,012	3,398,215
(573,435)	255,070
(122,207)	930,270
(5,249,743)	249,118
976,242	976,242
(4,932,131)	5,808,915
4,932,131	833,556
(709,219)	-
709,219	-
-	-
4,932,131	833,556
22,686,868	37,573,205
\$ 27,618,999	\$ 38,406,761

Bloomfield Township Public Library

Notes to Financial Statements March 31, 2008

Note I - Summary of Significant Accounting Policies

The accounting policies of Bloomfield Township Public Library (the "Library") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Library:

Reporting Entity

The Library, a component unit of the Charter Township of Bloomfield, is governed by an autonomous six-member board of trustees. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on the significance of any operational or financial relationships with the Library, there are no component units to be included in the Library's financial report.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Library's basic financial statements include both the Library as a whole and its individual fund financial statements.

Library as a Whole Financial Statements

The Library as a whole financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting, which is described below.

Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net assets are reported in three parts - invested in capital assets, net of related debt, restricted net assets, and unrestricted net assets.

The statement of activities includes depreciation on long-term assets and eliminates capital outlay expense.

Bloomfield Township Public Library

Notes to Financial Statements March 31, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

As a general rule, the effect of interfund activity has been eliminated from the Library-wide financial statements.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in the Library-wide statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

Fund Financial Statements

The Library's individual fund financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting, which is described below.

Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences and claims and judgments are recorded only when payment is due. When an expenditure is incurred for purposes for which both restricted and unrestricted net assets are available, the Library's policy is to first apply restricted resources.

Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the fiscal period. All other revenue items are considered to be available only when cash is received by the Library.

The Library reports the following major governmental funds:

General Fund - The General Fund is the Library's primary operating fund. It accounts for all financial resources of the Library, except those required to be accounted for in another fund.

Improvement and Revolving Fund - The Improvement and Revolving Fund accounts for the accumulation of resources for needs as determined by the board.

Gift Fund - The Gift Fund accounts for gifts and donations given to the Library. The majority of these items are restricted for specific purposes by the donor.

Bloomfield Township Public Library

Notes to Financial Statements March 31, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Construction Fund - The Construction Fund accounts for the investment of bond proceeds as well as all expenditures relating to the Library Improvements Project.

Assets, Liabilities, and Net Assets or Equity

Cash and Investments - The Library considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Investments are recorded at fair value as of March 31, 2008, based on quoted market prices.

Receivables and Payables - In general, outstanding balances between funds are reported as due to/from other funds.

Property Taxes - All trade and property tax receivables are shown as net of allowance for uncollectible amounts, if deemed necessary. Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The 2007 taxable valuation of the property subject to the Library's millage totaled approximately \$3.9 billion, on which ad valorem taxes levied consisted of 1.4590 mills for the Library's operating purposes. The ad valorem taxes levied raised approximately \$5,696,000 for operations and are recognized in the General Fund financial statements as tax revenue.

Bloomfield Township collects the taxes on behalf of the Library and annually sells the Library's delinquent real property taxes to the County, which then becomes responsible for collecting the taxes, and taking any uncollected tax parcels through the tax reversion process. The County purchases these taxes at 100 percent of face value and, in return, the County is allowed to retain all interest and penalties it collects. The estimated present value of the future delinquent collections to the Library is less than the face value that has been received, because of the time value of money; however, the net present value to the County is greater than this amount, because of the statutory provision that allows the County to retain all penalties and interest. During the current year, the Library received \$387,568 from this sale. At the end of the tax reversion process (approximately three years), the County charges the Library (through the Township) back for any uncollected taxes. Historically, this amount has not been significant.

Bloomfield Township Public Library

Notes to Financial Statements March 31, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets - Capital assets are defined by the Library as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Buildings, furniture and equipment, and library books, periodicals, and videos are depreciated using the straight-line method over the following useful lives:

Buildings	60 years
Furniture and equipment	10 years
Library books and AV materials	8 years

Due to Charter Township of Bloomfield - The Charter Township of Bloomfield processes payroll and retirement benefits for the Library. Due to Charter Township of Bloomfield represents the required transfer of funds to the Township for payment of the Library's March payroll as well as the Library's retirement contribution for the year, which totaled \$142,142.

Compensated Absences (Vacation and Sick Leave) - It is the Library's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation and sick pay is accrued when incurred in the Library-wide financial statements. A liability for these amounts is reported in governmental funds only for eligible employee terminations as of year end.

Fund Balance - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Bloomfield Township Public Library

Notes to Financial Statements March 31, 2008

Note 2 - Reconciliation of the Library as a Whole and the Individual Fund Financial Statements

Total fund balances and the net change in fund balances of the Library's individual funds differ from net assets and change in net assets of the Library as a Whole reported in the statement of net assets and statement of activities. This difference results primarily from the long-term economic focus of the statement of net assets and statement of activities versus the current focus of the statement of the individual funds balance sheet and statement of revenue, expenditures, and changes in fund balance. The following is a reconciliation of fund balance to net assets and the net change in fund balance to the net change in net assets:

Total Fund Balance - Modified Accrual Basis		\$ 10,787,762
Amounts reported in the statement of net assets are different because:		
Capital assets are not financial resources and are not reported in the funds		28,127,980
Compensated absences are included as a liability:		
Current portion	\$ (144,597)	
Long-term portion	(364,384)	(508,981)
Total Net Assets - Full Accrual Basis		<u>\$ 38,406,761</u>

Bloomfield Township Public Library

Notes to Financial Statements March 31, 2008

Note 2 - Reconciliation of the Library as a Whole and the Individual Fund Financial Statements (Continued)

Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Uses/Change in Net Assets - Modified Accrual Basis	\$ (4,098,575)
---	-----------------------

Amounts reported in the statement of activities are
different because:

Governmental funds report capital outlays as
expenditures in the statement of activities; these
costs are allocated over their estimated useful lives
as depreciation:

Library books and audiovisual materials	573,435
Capital outlay	5,563,954
Depreciation	(976,242)
Loss on disposal	(192,004)

Increase in the accrual for long-term compensated absences reported as an expenditure in the statement of activities but not in the fund financial statements	(37,012)
--	----------

Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Uses/Change in Net Assets - Full Accrual Basis	\$ 833,556
---	-------------------

Note 3 - Budget Information

The annual budget is prepared and adopted by the Library board and subsequent amendments are approved by the Library board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at March 31, 2008 has not been calculated. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America, except that operating transfers have been budgeted in the revenue and expenditures rather than as other financing sources and uses. During the current year, the budget was amended in a legally permissible manner.

The budget has been adopted on a functional basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the General Fund and major Special Revenue Funds can be found in the required supplemental information section.

Bloomfield Township Public Library

Notes to Financial Statements March 31, 2008

Note 3 - Budget Information (Continued)

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, there were no expenditures in excess of the amounts budgeted, except for operating transfers from the General Fund to the Improvement and Revolving Fund. The Library board made this discretionary transfer using savings from other budgeted categories. Following the transfer out, net revenues over expenditures of the General Fund match the budgeted amount.

Note 4 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Library has designated seven banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The Library's deposits and investment policies are in accordance with statutory authority.

The Library's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library does not have a deposit policy for custodial credit risk. At year end, the Library had \$6,983,846 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Library believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Library evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Bloomfield Township Public Library

Notes to Financial Statements March 31, 2008

Note 4 - Deposits and Investments (Continued)

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Library's investment policy does not restrict investment maturities, other than commercial paper, which can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
U.S. Treasury securities	\$ 1,196,133	89 days
Money market	3,720,457	40 days

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Library has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Money market	\$ 1,601,354	A+	Moody's
Money market	2,119,103	AAA	Moody's

Note 5 - Assets Held at Community Foundation

There are four endowment funds that are administered by the Community Foundation for Southeastern Michigan (CFSEM) for the benefit of the Library. The CFSEM is a public charity that is funded through donations by a large number of contributors. Although the Library does not control the funds at the CFSEM, by agreement, the purpose of the funds is to provide support and furtherance of specific programs and activities of the Bloomfield Township Public Library. Accordingly, the Library has not recorded these funds in this financial report. Revenue is recorded when distributions are received from the CFSEM.

Two of the funds, the Bloomfield Township Public Library Endowment Fund and the Yvonne Y. Atkinson Fund, were established by the Library.

Two additional endowment funds have named Bloomfield Township Public Library as the recipient. These funds are the Lawrence Smith and Isabel Francis Smith Challenge Grant Fund and the Jeanette P. Myers Memorial Scholarship Fund.

Bloomfield Township Public Library

Notes to Financial Statements March 31, 2008

Note 5 - Assets Held at Community Foundation (Continued)

A summary of changes in assets held at CFSEM is as follows:

	Bloomfield Township Public Library Endowment Fund	Lawrence Smith and Isabel Francis Smith Challenge Grant Fund	Jeanette P. Myers Memorial Scholarship Fund	Total
Balance - January 1, 2007	\$ 25,506	\$ 29,833	\$ 32,463	\$ 102,160
Contributions	1,000	-	-	1,000
Distributions	(1,170)	(1,370)	(1,467)	(4,667)
Investment earnings	2,109	2,394	2,528	8,176
Balance - December 31, 2007	<u>\$ 27,445</u>	<u>\$ 30,857</u>	<u>\$ 33,524</u>	<u>\$ 106,669</u>

Note 6 - Capital Assets

Capital asset activity of the Library was as follows:

	Balance April 1, 2007	Additions	Disposals and Adjustments	Balance March 31, 2008
Capital assets not being depreciated:				
Land	\$ 131,015	\$ -	\$ -	\$ 131,015
Construction in process	16,571,847	3,236,775	-	19,808,622
Subtotal	16,702,862	3,236,775	-	19,939,637
Capital assets being depreciated:				
Building	5,483,520	47,965	-	5,531,485
Furniture and equipment	2,582,617	2,279,214	(432,262)	4,429,569
Library books and audiovisual materials	3,286,606	573,435	(331,295)	3,528,746
Subtotal	11,352,743	2,900,614	(763,557)	13,489,800
Less accumulated depreciation:				
Building	(2,084,439)	(92,191)	-	(2,176,630)
Furniture and equipment	(1,402,206)	(442,957)	358,674	(1,486,489)
Library books and audiovisual materials	(1,410,123)	(441,094)	212,879	(1,638,338)
Subtotal	(4,896,768)	(976,242)	571,553	(5,301,457)
Net capital assets being depreciated	6,455,975	1,924,372	(192,004)	8,188,343
Net capital assets	<u>\$ 23,158,837</u>	<u>\$ 5,161,147</u>	<u>\$ (192,004)</u>	<u>\$ 28,127,980</u>

Bloomfield Township Public Library

Notes to Financial Statements March 31, 2008

Note 6 - Capital Assets (Continued)

Capital assets, including library books, are recorded at cost. Depreciation expense was \$976,242 for the year ended March 31, 2008.

Construction Commitments - The Library is undergoing a complete renovation and constructing a major structural addition (the "Library Improvements Project") through 2008. The process is in the construction phase as of March 31, 2008.

The Library Improvements Project is being funded with the proceeds from bonds issued by the Charter Township of Bloomfield totaling \$22,875,000. The Charter Township of Bloomfield is responsible for the debt service related to these bonds, which will be paid for by a separate property tax levy.

At year end, the Library's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Construction management	\$ 16,186,028	\$ 1,406,282
Architectural and engineering	1,756,433	48,587
Furniture, fixtures, and equipment	989,964	436,407
Interior design	365,519	10,741
Owner's representative	241,015	8,985
Total	<u>\$ 19,538,959</u>	<u>\$ 1,911,002</u>

Note 7 - Risk Management

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Library participates with the Charter Township of Bloomfield in its risk management program to cover these risks.

Note 8 - Pension Plan

Plan Description - Qualified, full-time employees of Bloomfield Township Public Library are covered by the Township of Bloomfield Retirement Income Plan (the "Plan"), which is a cost-sharing single employer defined benefit pension plan covering all the governmental units of the Charter Township of Bloomfield (the "Township"). The Plan provides retirement benefits for employees attaining age 50 with full vesting. The Plan issues a publicly available report that is included in the basic financial statements of the Township. That report may be obtained by writing to the Charter Township of Bloomfield, 4200 Telegraph Road, Bloomfield Hills, Michigan 48302.

Bloomfield Township Public Library

Notes to Financial Statements March 31, 2008

Note 8 - Pension Plan (Continued)

Funding Policy - The obligation to contribute to and maintain the system for these employees was established by a resolution of the Library's board of directors and requires a contribution from the employees of 5 percent of gross wages. The Township is required to contribute at actuarially required rates; the current rate is 30.62 percent of covered payroll. The Township's contributions to the Plan for the years ended March 31, 2007, 2006, and 2005 were \$4,538,477, \$4,005,320, and \$3,830,704, respectively, and were equal to the actuarially required contributions for each year.

Note 9 - Postemployment Benefits

Qualified, retired employees of Bloomfield Township Public Library are also provided health and life insurance benefits through the Charter Township of Bloomfield. The Township finances the plan on a pay-as-you-go basis. There are 10 retired Library employees included in the plan, which amounted to \$73,991 of expenditures by the Library during the year ended March 31, 2008.

Upcoming Reporting Change - The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the Library as a whole to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the healthcare premiums are paid. The new pronouncement is effective for the year ending March 31, 2009.

Required Supplemental Information

Bloomfield Township Public Library

Required Supplemental Information Budgetary Comparison Statement General Fund Year Ended March 31, 2008

	Original Budget	Amended Budget	Actual	Favorable (Unfavorable) Variance with Amended Budget
Revenue				
Tax levy	\$ 5,625,740	\$ 5,739,886	\$ 5,695,787	\$ (44,099)
Penal fines	53,646	64,830	64,830	-
State aid	40,862	30,902	30,901	(1)
Circulation revenue	75,290	89,764	90,099	335
Charges for services	4,700	2,300	2,266	(34)
Investment earnings	168,064	149,400	155,668	6,268
Miscellaneous	500	8,649	8,649	-
Total revenue	5,968,802	6,085,731	6,048,200	(37,531)
Expenditures				
Personnel	3,736,745	3,463,349	3,361,203	102,146
Library services	902,771	865,483	809,207	56,276
Facilities and equipment	1,330,150	1,036,102	1,032,200	3,902
Other operating expenditures	571,626	371,619	313,377	58,242
Transfer out	-	526,184	709,219	(183,035)
Total expenditures	6,541,292	6,262,737	6,225,206	37,531
Excess of Expenditures Over Revenue	(572,490)	(177,006)	(177,006)	-
Fund Balance - Beginning of year	4,289,231	4,289,231	4,289,231	-
Fund Balance - End of year	<u>\$ 3,716,741</u>	<u>\$ 4,112,225</u>	<u>\$ 4,112,225</u>	<u>\$ -</u>

Bloomfield Township Public Library

Required Supplemental Information Budgetary Comparison Statement - Major Special Revenue Fund Improvement and Revolving Fund Year Ended March 31, 2008

	Original Budget	Amended Budget	Actual	Favorable (Unfavorable) Variance with Amended Budget
Revenue				
Interest	\$ 75,976	\$ 176,607	\$ 200,731	\$ 24,124
Miscellaneous	-	106	129	23
Transfers in	-	526,184	709,219	183,035
Total revenue	75,976	702,897	910,079	207,182
Expenditures	8,703	-	3	(3)
Excess of Revenue Over Expenditures	67,273	702,897	910,076	207,179
Fund Balance - Beginning of year	3,000,017	3,000,017	3,000,017	-
Fund Balance - End of year	<u>\$ 3,067,290</u>	<u>\$ 3,702,914</u>	<u>\$ 3,910,093</u>	<u>\$ 207,179</u>

Bloomfield Township Public Library

Required Supplemental Information Budgetary Comparison Statement - Major Special Revenue Fund Gift Fund Year Ended March 31, 2008

	Original Budget	Amended Budget	Actual	Favorable (Unfavorable) Variance with Amended
Revenues				
Gift income	\$ 500	\$ 85,862	\$ 86,893	\$ 1,031
Investment earnings	6,724	15,992	15,914	(78)
Total revenues	7,224	101,854	102,807	953
Expenditures				
Library services	13,485	19,149	19,298	(149)
Facilities and equipment	13,578	20,277	20,277	-
Other operating expenditures	228,165	73,550	71,788	1,762
Total expenditures	255,228	112,976	111,363	1,613
Excess of Expenditures Over Revenue	(248,004)	(11,122)	(8,556)	2,566
Fund Balance - Beginning of year	248,004	248,310	248,310	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ 237,188</u>	<u>\$ 239,754</u>	<u>\$ 2,566</u>

Bloomfield Township Public Library

**Report to the Finance Committee
of the Board of Trustees
March 31, 2008**



Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

To the Finance Committee of
the Board of Trustees
Bloomfield Township Public Library

We have recently completed our audit of the basic financial statements of Bloomfield Township Public Library (the "Library") for the year ended March 31, 2008. In addition to our audit report, we are providing the following letter of increased audit communications, required audit communication, summary of unrecorded possible adjustments, recommendations, and informational comments which impact the Library.

	<u>Page</u>
Report on Internal Control	2-3
Results of the Audit	4-6

We are grateful for the opportunity to be of service to Bloomfield Township Public Library. Should you have any questions regarding the comments in this report, please do not hesitate to call.

Plante & Moran, PLLC

June 6, 2008



Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Report on Internal Control

June 6, 2008

To the Finance Committee of
the Board of Trustees
Bloomfield Township Public Library

Dear Committee Members:

Beginning with last year's audit, national auditing standards call for auditors to communicate matters to the governing body that may be useful in its oversight of Bloomfield Township Public Library's (the "Library") financial management. Specifically, they require us to report internal control issues to the governing body that may be relatively minor, in order to allow it to evaluate their significance, and make any changes it may deem appropriate. In general, these are items that would have been discussed orally with management in the past. The purpose of these new standards is to allow the governing body an opportunity to discuss issues when they are relatively minor, rather than waiting until they become more serious problems. We hope that this report on internal control will be helpful to you, and we look forward to being able to discuss any questions you may have concerning these issues.

In planning and performing our audit of the financial statements of Bloomfield Township Public Library as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Library's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Library's financial statements that is more than inconsequential will not be prevented or detected by the Library's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Library's internal control.

To the Finance Committee of
the Board of Trustees
Bloomfield Township Public Library

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management, the finance committee, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink, reading "Leslie J. Pulver". The signature is written in a cursive style with a large initial "L".

Leslie J. Pulver

Results of the Audit

June 6, 2008

To the Finance Committee of
the Board of Trustees
Bloomfield Township Public Library

We have audited the financial statements of Bloomfield Township Public Library (the "Library") for the year ended March 31, 2008 and have issued our report thereon dated June 6, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 10, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We are responsible for planning and performing the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of Bloomfield Township Public Library. Our consideration of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters and our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on April 21, 2008.

To the Finance Committee of
the Board of Trustees
Bloomfield Township Public Library

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Bloomfield Township Public Library are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended March 31, 2008.

We noted no transactions entered into by the Library during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the estimated useful lives of capital assets.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

To the Finance Committee of
the Board of Trustees
Bloomfield Township Public Library

Management's Representations

We have requested certain representations from management that are included in the management representation letter dated June 6, 2008.

Management's Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

In the normal course of our professional association with the Library, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Library, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition of our retention as the Library's auditors.

This information is intended solely for the use of the board of trustees and management of Bloomfield Township Public Library and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink that reads "Leslie J. Pulver". The signature is written in a cursive, flowing style.

Leslie J. Pulver